



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

EVAN GLASS
PRESIDENT

TRANSPORTATION & ENVIRONMENT COMMITTEE, CHAIR
ECONOMIC DEVELOPMENT COMMITTEE

M E M O R A N D U M

DATE: February 6, 2023
TO: County Council
FROM: Council President Evan Glass
SUBJECT: Improving Economic Development in Montgomery County

On the first day of my presidency, I shared my intention to promote equitable economic policies that prepare Montgomery County for long-term success. We need to focus more intently on reducing barriers for small and minority-owned businesses, expanding our life sciences industry, attracting and retaining more Fortune 500 companies and closing the racial wealth gap. We can and must pursue these goals in unison.

Today, I am outlining a series of immediate next steps that will examine the long-standing issues facing economic development in our county and propose solutions for improvement. These initiatives will build upon the momentum of previous councils and will set the framework for a more detailed work plan later this year.

My goal is to work together and create a sustainable future for Montgomery County that is open to business, makes us economically competitive and provides opportunities for all.

Background

Montgomery County is home to 18 federal agencies and is the fourth-largest biotech hub in the country. The recent educational partnership with the University of Maryland Baltimore, the University of Maryland College Park, and the University of Maryland Medical System to create the Institute for Health Computing is a game-changer that strategically positions Montgomery County as the next Silicon Valley of health computing. It also increases a critical talent pipeline for the life sciences and biotech sectors.

Despite these advantages, the county must proactively and aggressively pursue concrete steps that will enhance the area's competitiveness and build resilience against future economic uncertainties.



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In April 2022, the council adopted its four-year Economic Development Strategic Plan – *Moving Forward Together: Strategic Priorities for a Unified Approach to Economic Development*. This report, written by the Montgomery County Economic Development Corporation, analyzed our county's strengths and weaknesses, identified strategic priorities, and recommended key metrics for success. This memorandum intends to build upon the strategic priorities laid out in the report by identifying concrete steps for the county to pursue.

Roadmap for Economic Development

In consultation with leaders of large and small businesses, economic development partners, residents, and other stakeholders, the following initiatives form a holistic strategy to create (1) a business-friendly, thriving, and diversified economy; (2) greater innovation; and (3) equitable outcomes for all residents.

- **Creating a new Economic Development Committee.** One of the first actions I took as Council President was to create a new Economic Development Committee. The committee was formed in order to elevate issues that were not receiving the time or attention they deserved at the council. This committee, which is also the largest council committee, will focus on growing our business sector and improving economic outcomes for all segments of our community.
- **Cutting red tape:** Time is money, and the county must do more to accelerate and streamline the review process for our commercial development community. The county has a "green tape" program for certain types of projects, but this should be standard for most large projects seeking to do business here. In collaboration with the new Department of Permitting Services director, we will be able to initiate efforts to streamline the application processes for projects of substantial capital investment so that they receive the concierge-level service required to ensure they are completed on time and on budget.
- **Easing regulatory compliance:** In recent years, the Office of Legislative Oversight (OLO) has produced two reports that studied Montgomery County's business regulatory environment. The reports conclude that our business environment would greatly benefit by improving our county's "cost and ease of regulatory compliance" framework. Toward that goal, I have directed OLO to conduct a thorough review of our business codes and focus on easing regulatory burdens and cutting red tape. These reports will be finalized this summer, which will then enable the council to take actionable steps.



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- Streamlining processes with state and municipal agencies. The timing for submitting licenses, filing taxes and other process requirements varies by industry and regulating authority, resulting in increased staff time and costs. I have requested that OLO review business requirement deadlines across the state and in our municipalities in order to identify opportunities for streamlining processes and compliance.
- Review of business requirements through a racial equity lens. In addition to licensing and compliance deadlines, many industries and employers must adhere to a variety of regulatory requirements in zoning, health, building safety, fire protection, and use and occupancy. I have requested that OLO identify opportunities to further streamline regulatory requirements for businesses, which include general regulations, business taxes, business licensing, building codes, and health department requirements. This analysis will be reviewed through a racial equity lens to determine if there are undue burdens placed on sectors that have a larger proportion of small and minority-owned businesses.
- **Establishing the Advanced Research Projects Agency for Health (ARPA-H) in Montgomery County:** On March 15, 2022, President Joe Biden authorized the establishment of ARPA-H within the U.S. Department of Health and Human Services. Modeled after the Defense Advanced Research Projects Agency, a research and development agency of the U.S. Department of Defense, ARPA-H is designed to fund investments in breakthrough advancements in health and life sciences. The federal government has authorized \$1.2 billion in funding for ARPA-H and determined that it should be placed in no less than three geographic areas. In December 2022, the county executive and I sent a letter to Health and Human Services Secretary Xavier Becerra and ARPA-H Director Renee Wegrzyn encouraging them to establish Montgomery County as one of the locations. The selection of Montgomery County for an ARPA-H location would have tremendous impacts on our life science industry, as it would heavily attract more private industry innovators, academic researchers and commercialization opportunities.
- **Creating a venue for businesses to file complaints:** Currently, there is no central channel for businesses to bring forth problems they are experiencing while in the process of obtaining permits, navigating regulations, or applying for funding and incentives. The Business Advancement Team (BAT) provides limited guidance for small businesses and offers a list of organizations for additional support on its website.



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The county's Office of Consumer Protection can investigate consumer complaints against businesses and issue certain business licenses. However, there needs to be a clearly identified place for businesses to be able to express the concerns they are experiencing with permitting processes or other county services.

- **Requesting the transmittal of the Business Advancement Team (BAT) annual report:** The BAT helps small businesses navigate the county's regulatory environment and informs them about financial programs and other resources. The county code (Section 2-25B) requires that the BAT submit an annual report by September 15; however, the council has not received a report since 2014. Given the BAT's frontline role in helping to serve our small business community, the council needs to know the status of BAT's required activities, which include duplication elimination, conflict resolution, and elimination of unnecessary requirements for small businesses. Within the report, I am requesting that the BAT examine the pandemic's impact on our small, minority-owned businesses and provide insights on whether there remain inequitable barriers to their recoveries or operations.
- **Requesting the transmittal of the Montgomery County Pay Equity Act mandated reports:** In 2019, I introduced and passed the Montgomery County Pay Equity Act. This law eliminated the county's ability to request salary information or pay stubs from potential hires – a major reason for the wage inequality that exists across race and gender. The law included a requirement for the County Executive to submit two reports to the council. The first – due on or before July 1, 2020 – was to study the effect of laws in other jurisdictions that prohibit an employer from considering a job applicant's salary history based on gender. The second report – due every two years beginning on or before July 1, 2022 – was supposed to provide information on gender pay equity among county employees. The council has yet to receive either report. These two reports are necessary for us to measure the impact of the law and to ascertain whether additional steps are needed in closing the gender pay gap in our county.

Over the coming months, I look forward to working with colleagues and the County Executive to build upon these important initiatives so that we can support our businesses and grow our economy.

Thank you for your time and consideration of these efforts.



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cc: County Executive Marc Elrich
Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Marlene Michaelson, Executive Director, County Council
Chris Cihlar, Director, Office of Legislative Oversight